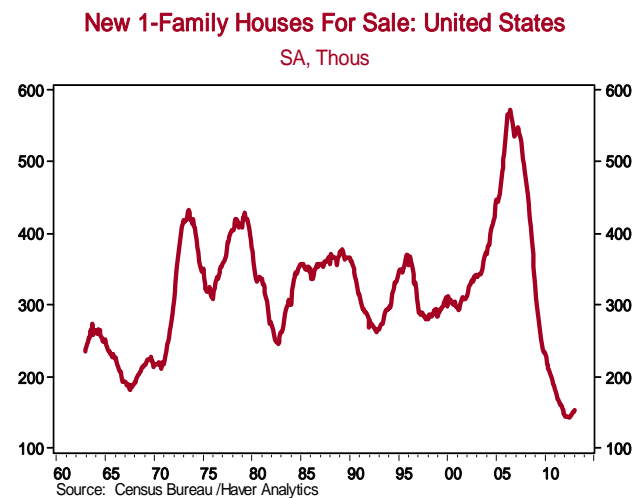
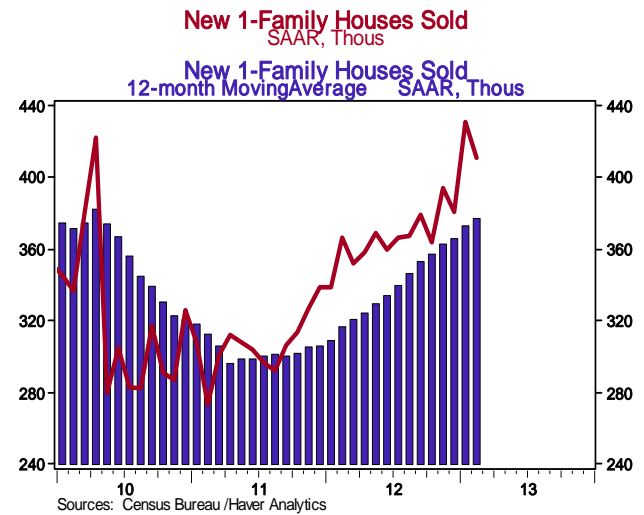


## February New Home Sales

**Brian S. Wesbury** – Chief Economist  
**Robert Stein, CFA** – Senior Economist  
**Strider Elass** – Economic Analyst

- New single-family home sales declined 4.6% in February, to a 411,000 annual rate, below the consensus expected pace of 420,000. Sales are up 12.3% from a year ago.
- Sales were down in the Northeast, South and West but up in the Midwest.
- The months' supply of new homes (how long it would take to sell the homes in inventory) rose to 4.4 in February from 4.2 in January. The increase was due to both a slower selling pace, and a 2,000 unit rise in inventories of new homes.
- The median price of new homes sold was \$246,800 in February, up 2.9% from a year ago. The average price of new homes sold was \$313,700, up 14.5% versus last year.

**Implications:** After a huge increase in January, new home sales fell to a 411,000 annual rate in February. Despite the drop in February, we've just had the best two month period since late 2008 and sales are still up 12.3% from a year ago. The new home market, which is typically the last piece of the housing puzzle to recover, is clearly improving. The months' supply of new homes -- how long it would take to sell the homes in inventory -- rose to 4.4, but is still well below the average of 5.7 over the past 20 years and close to the 4.0 months that prevailed in 1998-2004, during the housing boom. This means that as the pace of sales continues to rise over the next few years, home builders will have room to increase inventories. After a large reduction in inventories over the past several years, builders look like they're getting ready for that transition. Inventories have increased in 5 of the last 6 months. The median price of a new home is up 2.9% from a year ago, while average prices are up a whopping 14.5%, showing that higher priced homes are moving faster. In other housing news this morning, the Case-Shiller index, which measures home prices in the 20 largest metro areas, increased 1% in January (seasonally-adjusted) and is up 8.1% from a year ago. Prices rose in all 20 areas, led by San Francisco and Phoenix. We believe the housing sector will have another strong year in 2013 and will keep being a real bright spot for the US economy.



New Home Sales	Feb-13		Jan-13	Dec-12	3-mo moving avg	6-mo moving avg	Yr to Yr % Change
	% Ch	Level					
<i>All Data Seasonally Adjusted, Levels in Thousands</i>							
<b>New Single Family Homes Sales</b>	-4.6%	411	431	381	408	393	12.3
<b>Northeast</b>	-13.3%	26	30	29	28	30	-10.3
<b>Midwest</b>	13.7%	58	51	45	51	47	18.4
<b>South</b>	-9.7%	186	206	211	201	203	-5.6
<b>West</b>	-2.1%	141	144	96	127	113	54.9
<b>Median Sales Price (\$, NSA)</b>	3.0%	246,800	239,600	260,100	248,833	248,883	2.9
		Feb-13	Jan-13	Dec-12	3-mo Avg	6-mo Avg	12-mo Avg
<b>Months' Supply at Current Sales Rate (Levels)</b>		4.4	4.2	4.8	4.5	4.6	4.7

Source: Bureau of the Census